

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA

In re Gregg Appliances, Inc. Case No. 17-01303-11
Debtors

MONTHLY OPERATING REPORT
Gregg Appliances, Inc.

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I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date _____

Signature of Joint Debtor

Date _____

Signature of Authorized Individual*

Date

Printed Name of Authorized individual

CEO/CFO

* Authorized individual must be an officer, director, or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Condensed Consolidated Statement of Income (unaudited)

		For the Period of
		February 1, 2019 to
		February 28, 2019
<i>(In Thousands)</i>		
Net Sales	\$ -	
Cost of Goods Sold	- - -	
Gross Profit/(Loss)	- - -	
Operating Expenses:		
Advertising Expense, Net	3	
Occupancy Costs	0	
Data Communications	0	
Repair and Maintenance	-	
Company Insurance (Non-Medical)	0	
Employee Benefits	1	
Wage Expense	19	
Employee Services	0	
Travel and Entertainment	-	
Bank Transaction Fees	2	
Professional Fees	25	
Stock Compensation Expense (Benefit), Net	-	
Gain/Loss on Early Extinguishment of Debt	-	
Depreciation and Amortization	-	
Administrative and Sales Expense	12	
Product Services Expense	-	
Bad Debts	-	
Total Operating Expenses	63	
Operating Income/(Loss)	(63)	
Interest Expense, net	(93)	
Other Income/(Expense)	191	
Income Before Taxes	<u><u>\$ 35</u></u>	
Income Tax Expense/(Benefit)	-	
Net Income/(Loss)	<u><u>\$ 35</u></u>	

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Condensed Consolidated Balance Sheet (unaudited)

(In Thousands)	<u>As of 2/28/2019</u>
Assets	
Cash	12,246
Credit Card and Trade Accounts Receivable, Net	6,441
Accounts Receivable - Other	8,776
Merchandise Inventories	-
Prepaid Expenses and Other Assets	4,650
Income Taxes Receivable	78
Total Current Assets	<u>32,191</u>
Property and Equipment, Net	-
Capitalized Financing Fees, Net	-
Goodwill	-
Trademarks, Net	-
Other Assets, Net	2
Total Assets	<u>\$ 32,193</u>
Liabilities and Stockholders' Deficit	
Accounts Payable	8,638
Oustanding Customer Deposits, Credits, Refunds	1,560
Unredeemed Gift Card Liability	15
Other Accrued Expenses	14,419
Deferred Tax Liability	-
DIP Loans	9,562
Total Current Liabilities	<u>\$ 34,194</u>
Deferred Rent	-
LT Deferred Compensation	234
Other Long-term Liabilities	107
Liabilities Subject to Compromise	196,269
Total Liabilities	<u>\$ 230,803</u>
Preferred Stock	-
Common Stock	4
Accumulated Deficit	(353,161)
Treasury Stock	(150,228)
Additional Paid-in Capital	304,775
Total Stockholders' Deficit	<u>\$ (198,610)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 32,193</u>

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Condensed Consolidated Statement of Cash Flows (unaudited)

<i>(In Thousands)</i>		For the Period of February 1, 2019 to February 28, 2019
Cash flows from operating activities:		
Net cash provided by (used in) operating activities		\$ (57)
Cash flows from investing activities:		
Purchases of property and equipment	-	
Proceeds from sale of property and equipment	-	
Other	-	
Net cash used in investing activities	-	
Cash flows from financing activities:		
Net Borrowings (Repayments) on Line of Credit	-	
Increase/(decrease) in cash and cash equivalents	(57)	
Cash and cash equivalents at beginning of period	12,302	
Cash and cash equivalents at end of period	<u><u>\$ 12,246</u></u>	

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Total Disbursements by Filed Legal Entity (unaudited)

(In Thousands)

Legal Entity	For the Period of February 1, 2019 to February 28, 2019	Disbursements
	Case Number	
Gregg Appliances, Inc.	17-01303-11	\$ 330

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
 Bank Reconciliations (unaudited)

(In Thousands)

GL Acct	Account Name	Bank Acct #	Debtor	Description	Bank Balance	Ledger Balance	As of Date	Reconciled
1000	Master Operating Account	938169174	Gregg Appliances, Inc.	Operating Account, All retail locations	\$ 0	\$ 0	-	2/28/2019 No
1001	Corporate Account	938169505	Gregg Appliances, Inc.	Corporate AR deposit account, All retail locations depository account	\$ -	\$ -	-	2/28/2019 No
1016	Cash Concentration	938169455	Gregg Appliances, Inc.	Cash Dominion	\$ -	\$ -	-	2/28/2019 No
1017	Gregg AR DIP REVOLVER	Loan # 22708	Gregg Appliances, Inc.	Excess cash on Wells Fargo AR DIP Revolver	\$ 967	\$ 967	2/28/2019 Yes	
1051	Disbursements	938169729	Gregg Appliances, Inc.	Checking	\$ -	\$ -	2/28/2019 No	
1011	Restricted - Wells Fargo Escrow	Internal Wells Fargo Account	Gregg Appliances, Inc.	Legal Reserve and Escrow for Whirlpool, Electrolux and WGETV Matters	\$ 11,450	\$ 11,450	2/28/2019	No

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
 Total Disbursements to Retained Professionals (unaudited)

(In Thousands)	Retained Professionals	For the Period of February 1, 2019 to February 28, 2019	Approved Amounts (1)	Disbursements
MORGAN, LEWIS & BOCKLUS LLP	Legal Services	\$ 1,878	\$ -	\$ -
STIFEL, NICOLAUS & COMPANY INC	Bankruptcy Services	\$ -	\$ -	\$ -
BERKELEY RESEARCH GROUP LLC	Bankruptcy Services	\$ 2,423	\$ -	\$ -
DONLIN, RECANO & COMPANY INC	Bankruptcy Services	\$ -	\$ -	\$ -
ICE MILLER LLP	Legal Services	\$ 1,639	\$ -	\$ -
BINGHAM GREENBAUM DOLL LLP	Bankruptcy Services	\$ 163	\$ -	\$ -
MALFITANO PARTNERS	Bankruptcy Services	\$ 66	\$ -	\$ -
COOLEY LLP	Bankruptcy Services	\$ 2,087	\$ -	\$ -
PROVINCE, INC.	Bankruptcy Services	\$ 542	\$ -	\$ -
DLA PIPER LLP US	Bankruptcy Services	\$ -	\$ -	\$ -
FAEGRE BAKER DANIELS LLP	Bankruptcy Services	\$ -	\$ -	\$ 5
CHOATE HALL & STEWART LLP	Bankruptcy Services	\$ -	\$ -	\$ -
ASK LLP	Bankruptcy Services	\$ -	\$ -	\$ -
GREAT AMERICAN GROUP	Bankruptcy Services	\$ -	\$ -	\$ -
Total		\$ 8,798	\$ -	\$ 5

(1) Approved amounts represent the amount of fees and expenses that were approved by court order for payment by the Debtors to each professional from commencement of the case through February 2019.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
 Summary of Unpaid Post-Petition Debts (unaudited)
 As of 2/28/2019

(In Thousands)

Gregg Appliances, Inc. (17-01303-11)

	Current	0-30	31-60	61-90	Over 90	Number of Days Past Due	Total
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,677	\$ 1,677
Wages Payable	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ 6
Taxes Payable (1)	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 949	\$ 951
Rent/Lessors Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,759	\$ 3,759
Utilities Payable (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 636	\$ 636
Insurance Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,667	\$ 1,667
Secured Debt/Adequate Protection Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees	\$ 19	\$ 10	\$ 10	\$ -	\$ -	\$ 1,931	\$ 1,971
Amounts Due to Insiders	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Customer Deposits, Credits, Refunds (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,560	\$ 1,560
Unredeemed Gift Card Liability (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 15
Deferred Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIT Deferred Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234	\$ 234
Other (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,496	\$ 12,496
Total Post-Petition Debts	\$ 27	\$ 10	\$ 11	\$ -	\$ 24,926	\$ 24,973	

(1) Any past due taxes payable relate to unpaid business license fees for 2017, as well as unpaid gross receipts taxes payable and any penalties charged for late payments beginning in July 2017.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
 Schedule of Federal, State, & Local Taxes Collected, Received, Due or Withheld (unaudited)

(In Thousands)

For the Period of February 1, 2019 to February 28, 2019

	For the Period of February 1, 2019 to February 28, 2019					
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	\$ 1 \$	4 \$	(4) \$	2/6; 2/20	WIRE	\$ 1
FICA - Employee	\$ 1 \$	2 \$	(2) \$	2/6; 2/20	WIRE	\$ 1
FICA - Employer	\$ 1 \$	2 \$	(2) \$	2/6; 2/20	WIRE	\$ 1
Unemployment	\$ 0 \$	0 \$	(0) \$	2/6; 2/20	WIRE	\$ 0
Income	\$ -					\$ -
Total Federal Taxes	\$ -	8 \$	(8) \$			\$ 0
State and Local						
Withholding	\$ 0 \$	1 \$	(1) \$	2/6; 2/20	WIRE	\$ 0
Sales and Use	\$ (0) \$	- \$	- \$			(0)
Excise	\$ - \$	- \$	- \$			-
Unemployment	\$ 0 \$	0 \$	(0) \$	2/6; 2/20	WIRE	\$ 0
Real Property	\$ 3,474 \$	- \$	- \$			\$ 3,474
Personal Property	\$ 1,582 \$	- \$	- \$			\$ 1,582
Other	\$ 99 \$	- \$	- \$			\$ 99
Total State and Local	\$ 5,156 \$	1 \$	(1) \$			\$ 5,156

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Accounts Receivable Aging (unaudited)

(In Thousands)

As of February 28, 2019

Accounts Receivable Reconciliation

		Total Credit Card and Trade Accounts Receivable
Total Accounts Receivable at the beginning of the reporting period	\$ 1,904	5,541
+ Amounts billed during the period	-	-
- Amounts collected during the period	-	0
- Other Adjustments (Writeoffs/Credit Memos/Adjustments/Chargebacks/Signifyd Funding)	(1,004)	0
Total Accounts Receivable at the end of the reporting period	\$ 900	\$ 5,541

As of February 28, 2019

		13.9
Accounts Receivable Aging		
< 90	\$ -	\$ -
91+	900	5,541
Total Accounts Receivable	900	5,541
Amount Considered Uncollectible	-	-
Accounts Receivable, Net	\$ 900	\$ 5,541
	<u>(1) / (2)</u>	<u>6,441</u>

NOTES

- (1) In July 2018, all Credit Card Receivables were written off with the exception of Pre-Petition funds withheld by Vantiv (Visa/Mastercard) in the amount of \$900,000. Debtors understand some or all of that amount was applied against chargebacks by the Credit Card companies; however, will continue to carry balance until fully resolved.
- (2) No reserves have been recorded against credit card receivables.
- (3) \$8.8M of Accounts Receivable - Other exists at 2/28/2019 for which aging information is not readily available.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Questionnaire

	Yes	No			
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X			
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X			
3. Have all post-petition tax returns been filed timely? If no, provide an explanation below.	X				
4. Are workers compensation, general liability, and other necessary insurance coverages in effect? If no, provide an explanation below.	X				
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X			
Account Name	Purpose	Business	Acct Number	Bank Name	Date